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**MAYOR EMANUEL, CHICAGO DEPARTMENT OF AVIATION INTRODUCE ORDINANCE
TO ESTABLISH NEW LEASE AGREEMENTS**

THAT WILL GENERATE \$41 MILLION ANNUALLY FOR INVESTMENT IN O'HARE

*New cargo and hangar lease terms to generate nearly \$430 million in tenant capital investment, and
\$41 million in annual revenue for improvements to O'Hare*

Mayor Rahm Emanuel and the Chicago Department of Aviation (CDA) today introduced an ordinance to City Council that would establish a new, uniform rate structure for aeronautical real estate leases at O'Hare International Airport. With several cargo and hangar leases set to expire in May of 2018, the CDA is working with a dozen airline and cargo carriers to execute new ground and facility leases at O'Hare next year. Through new agreements, CDA will replace several leases that are 25 – 40 years old, generating \$41 million for investments in O'Hare.

The new agreements with cargo and hangar tenants are expected to generate another \$430 million in total tenant capital investment, which will support ongoing improvements that will benefit both cargo and passenger operations at O'Hare, and will create an estimated 2,350 jobs.

"O'Hare plays a critical role in the global cargo industry and this activity generates billions of dollars in economic activity for Chicago and the region," said Mayor Rahm Emanuel. "I want to thank Aviation Commissioner Ginger Evans and her team for their work in securing an agreement that is fair to our airport operators and our city alike, and that represents an important step forward in making the investments necessary for O'Hare's future at no cost to taxpayers or travelers."

Beginning next May, new rates and lease terms will promote continued growth and improvements at O'Hare in two ways: by leveraging a new shared capital investment to support new maintenance hangar facilities, ground equipment maintenance facilities, and critical improvements on the north airfield and south cargo area; and by updating old lease rates with fair market rates benchmarked to rates at comparable U.S. international airport cargo gateways. All new revenue from adjusted lease rates and terms will be redirected back to capital investment in airport facilities.

"With Mayor Emanuel's support, we are committed to furthering O'Hare's role as one the world's top international gateways, both for our travelers and the businesses that move passengers and cargo through Chicago to destinations around the globe," said Commissioner Ginger S. Evans.

Nearly \$30 million in tenant capital derived by the new cargo leases and \$400 million by hangar leases will support critical, ongoing capital investment at O'Hare. This includes the relocation of United Airlines and American Airlines hangar facilities to make way for the completion of Runway 9C-27C by 2020. These hangar facilities will be replaced by the construction of state-of-the-art new hangar facilities. In total, the project is expected to create 1,600 construction jobs and 550 permanent jobs over the next three to five years, and will be subject to City requirements for MBE/WBE participation. The investment by tenants into cargo facilities on the south airfield is expected to create another 150 construction jobs.

The new annual rates are \$2.25 per square foot for hangar and ground rents, with a \$10 per square foot lease rate for cargo facilities. The City will also establish an off airport fee of \$5.00 per ton for cargo transported by carriers that do not lease or sublease facilities on airport property. This will ensure that these operators, like all other airport tenants will contribute toward the cost of cargo related operations, such as road maintenance and security.

All new fair market rates are benchmarked to comparable U.S. international airport cargo gateways to ensure the shared costs of ongoing improvements are more evenly distributed among tenants. In all, the new rates will derive more than \$41 million in additional revenue each year by operators to direct back to airport improvement projects. To share in the capital investment required in aged cargo facilities, CDA will offer earned rent credits to operators based on improvements and rehab made to their facilities during the lease term.

CDA has received letters of intent to enter into new leases at the expiration of the current leases from all cargo airlines and companies currently occupying cargo facilities, with the final agreement pending approvals by City Council and the tenants' respective boards. The cargo tenants are American, Air France, Delta, FedEx, Lufthansa, Nippon, Swissport and UPS. The hangar tenants include American, Delta, SkyWest and United.

A series of investments in cargo operations by the Emanuel Administration, including the completion of the northeast cargo campus, have expanded capacity and established modern and efficient facilities for processing cargo. Since 2011, air cargo volume has risen by 10 percent, and at an average of 1.6 million metric tonnes per year, Chicago is processing record volume and considered the single fastest growing major cargo port in the nation.

With future investments on the horizon to improve efficiency and capacity for cargo carriers at O'Hare, an additional 1,200 cargo jobs will be created over the next decade. These and other investments in O'Hare's future are part of Mayor Emanuel's O'Hare 21 vision; a multi-billion capital program designed to modernize terminals, expand service offerings, and improve connectivity at O'Hare. O'Hare 21 is expected to support tens of thousands of new jobs, add incentives for more companies to relocate, and further increase economic activity throughout the region.

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